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Scant 'Sandy' Effect Seen in Report

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Superstorm Sandy hurt thousands of businesses and millions of workers when it barreled into the Northeast coast just before Halloween. But the storm didn't significantly affect the nation's November jobs picture, the Labor Department said Friday.

Growth in payrolls continued at a pace similar to previous months. The number of hours worked rose. The unemployment rate dropped.

The minimal effect from Sandy left many analysts scratching their heads after bracing for the worst job growth in at least six months due to the storm. "A highly dubious employment report," declared economist **Bernard Baumohl of the Economic Outlook Group.**

Morgan Stanley's economists said "we're a little suspicious" of the Labor Department's assertion that Sandy "did not substantively impact" the nation's monthly estimates.

The superstorm hit the East Coast in late October, but many areas faced widespread disruption well into November due to transportation shutdowns and power outages. Many factories closed temporarily; other businesses shut for good due to damage. Many people couldn't get to work. One labor-market measure—new claims for unemployment benefits—showed a surge in weekly filings last month that was blamed on the storm.

"We know [Sandy] had impact on the economy at least for a period of time," said J.P. Morgan chief economist Bruce Kasman.

The Labor Department's survey of households—used for one of its two key employment reports—did pick up signs of disruption due to the storm. About 1.1 million people worked part-time instead of full-time because of bad weather. People who reported they were "not at work due to bad weather" soared to 369,000 last month. Both figures were substantially higher than those for a November since such records started in 1976.

People may have been cleaning up from the storm, making them unavailable to work during the week of Nov. 5, when last month's survey of households was conducted. That may have played a part in the sharp drop in the labor force, helping to push the jobless rate down to 7.7% in November from 7.9% the month before. As a result, the jobless rate could reverse itself in coming months and move closer to 8%.

The Labor Department's other key employment survey, which estimates the size of payrolls among nonfarm employers, didn't show many signs of trouble from the storm. That report makes its count based on whether employees are off for the entire survey week of Nov. 12. Anyone who was paid during that period would have been counted as employed, whether working or not.

Key sectors such as temporary employment and leisure jobs increased. Manufacturing employment did drop, though the factory sector had been weakening in recent months for other reasons. The number of construction workers also pulled back, a trend that should reverse itself as rebuilding from the storm picks up in the Northeast, an area that typically doesn't have significant amounts of new construction.

Sandy's overall effect on the labor picture could become clearer in two weeks, once the Labor Department releases state employment data, providing a glimpse of how much the storm hurt the job market in areas such as New Jersey and New York.

Despite the interest in the monthly jobs report, economists have long warned against reading too much into a single number that attempts to gauge changes in a labor market with more than 130 million jobs. Statistically, the jobs number is intended to provide a reliable estimate within 100,000 jobs—in either direction. What really matters is the long-term trend, and Sandy probably won't change much on that front. The economy has added, on average, about 151,000 jobs a month in 2012. In 2011, it was about 157,000.

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